GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:697
ANSWERED ON:21.02.2003
IMPACT OF AFGHAN WAR
AMAR ROY PRADHAN

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) Whether the US/UK-Afghanistan war had any impact on India`s economy;

(b) if so, to what extent; and

(c) the steps taken by the Government to keep the economy of our country stable?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) & (b): There was some temporary impact of the war in Afghanistan on Indian exports, stock markets, foreign exchange markets and tourism. This impact, however, was short-lived, with the Indian economy recording a much higher growth of 5.6 percent in the year 2001-02, compared with 4.4 percent in 2000-01.

(c): External impacts are always kept in view while formulating policies. In order to maintain the buoyancy in domestic economic activity and to ensure greater liquidity in the system, the Reserve Bank of India (RBI) had reducedthe bank rate and the Cash Reserve Ratio (CRR) in its mid-term review of the monetary and credit policy, 2001. Later, the Union Budget (2002-03) announceda series of measures for enhancing investment and augmenting growth in the domestic economy.